

GUIDELINES FOR INNOVATION, DEMONSTRATION AND RESEARCH FUND (IDRF)



Acronyms and abbreviations

ACSI	Amhara Credit and Savings Institution
AGP	Agricultural Growth Programme
ARARI	Amhara Region Agricultural Research Institute
BoA	Bureau of Agriculture
BoFED	Bureau of Finance and Economic Development
BoTT	Bureau of Trade and Transport
BoUID	Bureau of Industries and Urban Development
DAC	Development Assistance Committee
ENIDP	Ethiopia Nile Irrigation and Drainage Project
GAP	Good Agricultural Practices
HACCP	Hazard Analysis Critical Control Point
IDRF	Innovation, Demonstration and Research Fund
Kebele	Neighbourhood (location of about 5,000 people in rural areas)
MEDA	Mennonite Economic Development Associates
MFA	Ministry for Foreign Affairs of Finland
MGF	Matching Grant Fund
MoFED	Ministry of Finance and Economic Development of Ethiopia
NGOs	Non Governmental Organizations
OECD	Organization for Economic Cooperation and Development
PSU	AgroBIG Programme Support Unit
RTC	AgroBIG Regional Technical Committee
SVB	Supervisory Board
University	Bahir Dar University
VC	Value chain
VCF	Value Chain Fund
WoA	Woreda Office of Agriculture
WoFED	Woreda Office of Finance and Economic Development
Woreda	District
WoTT	Woreda Office of Trade and Transport
WSC	Woreda Steering Committee
WTC	Woreda Technical Committee

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1. INTRODUCTION

1.1 AgroBIG programme

AgroBIG is an agribusiness development programme of the Ethiopian and Finnish governments under BoFED as the responsible government coordinating agency. The objective of AgroBIG is to contribute to poverty reduction through agriculture based economic growth.

The direct beneficiaries are: i) poor farmer communities and households within the selected Woredas and with particular attention to including vulnerable groups; ii) agricultural cooperatives and agro-processing companies; and iii) public and private sector organizations benefitting from Programme's capacity building activities.

The 3-year AgroBIG programme (2013-2015), will support smallholder agribusiness based mainly on horticulture value chains (for example onions and potatoes) initially in Mecha and Fogera districts. The programme is expected to be extended to additional districts (and to include additional commodities) in the second phase of the programme.

The AgroBIG programme comprises of three components:

1) Value Chain Development: To bring actors together and establish formal and informal linkages. Networking platforms will identify problems and solutions and develop action plans to increase profitability along the value chain.

2) Service Delivery Development: To develop service provision to the value chain actors to increase production, trading, processing, retailing or marketing.

3) Access to Finance: To enhance saving and credit opportunities and mobile phone banking facilities in easy reach of the farmers and making funds available for research innovation and technology development to be used in the chosen value chains. The Access to Finance component includes three funds:

- Innovation, Demonstration and Research Fund (IDRF)
- Value Chain Fund (VCF)
- Matching Grant Fund (MGF)

These guidelines are made specifically for applications to the Innovation, Demonstration and Research Fund. Similar guidelines will be issued for the other AgroBIG funds as well.

There are other agricultural development projects in the Amhara region that provide support for agricultural innovation. These include particularly the Agricultural Growth Programme (AGP), the Ethiopia Nile Irrigation and Drainage Project (ENIDP) and the rice value chain initiative of Mennonite Economic Development Associates (MEDA). These projects have cooperated well in sharing their experiences of practical fund management. The implementation approaches differ in terms of support, selected value chains and implementation areas. The approaches and guidelines of these support funds have been studied during the preparation of the IDRF guidelines to promote harmonization and to avoid overlapping.

1.2 Purpose of this guide

The purpose of this guide is to ensure clarity, transparency and accountability in the operations of the Fund for all stakeholders. The guide will inform of the objectives and principles of the Fund including institutional framework, eligibility, application processes and criteria for approval as well as monitoring and evaluation of the awarded projects.

The guide will help applicants, implementers and administrators with instructions of their roles in the implementation of projects financed through the Fund.

1.3 Validity of these guidelines

Initially these instructions will be valid for a pilot phase of one year. After experiences of the grant processes have been gathered during implementation, the Fund Secretariat will propose revisions as appropriate to the AgroBIG Supervisory Board for approval.

2. INNOVATION, DEMONSTRATION AND RESEARCH FUND

2.1 Objectives, purposes and priorities

An agricultural innovation system is “a network of organizations, enterprises, and individuals focused on bringing new products, new processes, and new forms of organization into economic use, together with the institutions and policies that affect their behavior and performance. The innovation systems concept embraces not only the science suppliers but the totality and interaction of actors involved in innovation as well. It extends beyond the creation of knowledge to encompass the factors affecting demand for and use of knowledge in novel and useful ways.”¹

The overall objectives of the AgroBIG Innovation, Demonstration and Research Fund (IDRF) are to:

- Support improved value addition of selected agricultural commodities through agribusiness development and capacity building of all stakeholders along the value chain to facilitate good access to markets.
- Promote and establish links between research providers, private sector producers and other stakeholders for productive partnerships which leads to agribusiness development in the selected value chains.
- Contribute to poverty reduction through agriculture based economic growth.

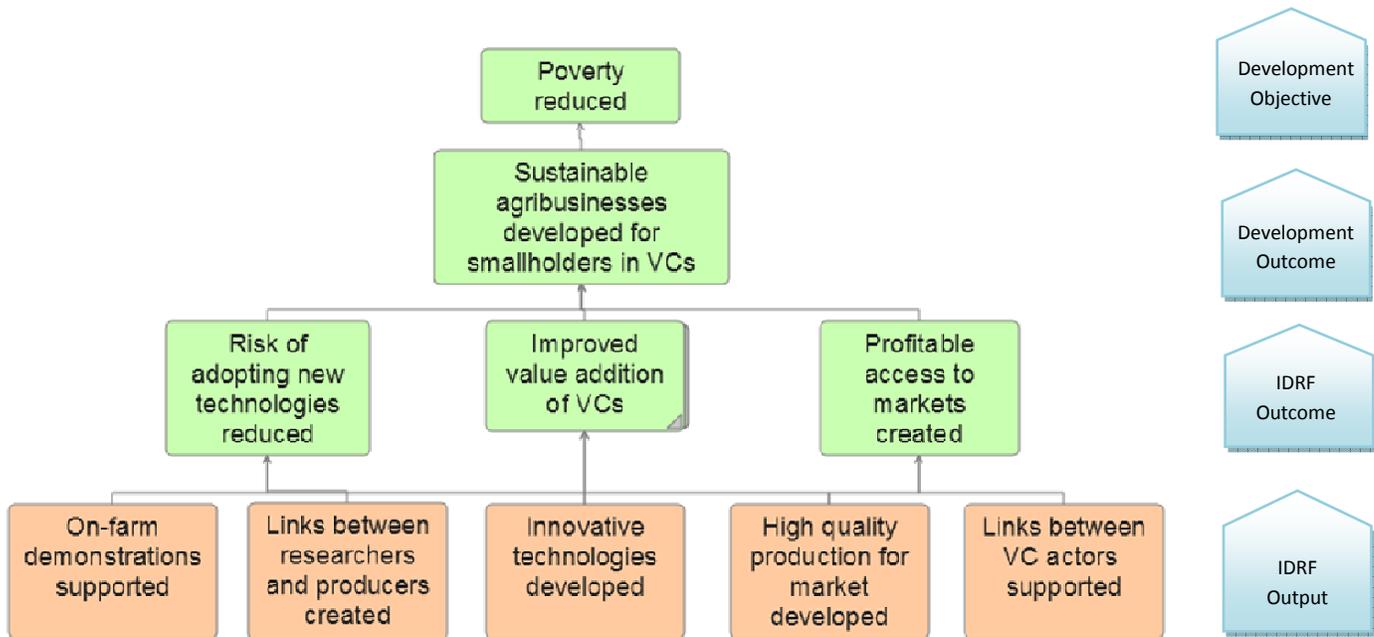
The specific purposes of the IDRF are **linked to capacity development**:

- Consult the commodity value chain platforms of stakeholders, which will set priorities, identify implementation constraints and act as consultative processes, which will discuss results and support the overall value chain development.
- Upgrade the capacity of both public and private sector service providers in identifying and designing specific programmes to develop new technologies, innovative ideas and demonstrate appropriate farm production equipment and practices. These service providers will learn how to design such programmes and apply for funding to the IDRF.

¹ World Bank. 2007b. The World Development Report 2008: Agriculture for Development. Washington, DC

- Offer farmers and their groups opportunities to utilize their local knowledge for developing innovative projects and approaches, which are not easily funded from other sources.
- Support on-farm demonstration of local innovations and improved climate smart technologies developed by the research and extension service providers. Promote adaptive research and dissemination activities at the local level and within a commodity context.
- Create partnerships between agro-processors and smallholders, which will help to reduce the risk of adopting new technologies, trusting other value chain actors in business transactions and selling to new markets.
- Provide for exposure visits on best practices and new approaches particularly for market oriented agriculture. Facilitate small producers and businesses to create commercial partnerships.
- Offer technical advice in new product development, Good Agricultural Practices (GAP) in farm management, Hazard Analysis Critical Control Point (HACCP) food safety standards in the value chains, including market oriented innovations in packing, branding and logistics. Support the testing and development of contract farming approaches in high quality horticultural production for the market.
- Link service providers to appropriate financial services – either by increasing information of options and training in application procedures, or providing funding opportunities through the IDRF.

A descriptive IDRF results diagram is given below:



The IDRF funding priorities are closely linked to the value chains of the selected commodities in the target areas:

- Support innovation, demonstration and research that will help to establish efficient horticulture value chains to benefit farmers, traders, agro-processors, buyers and their organizations particularly in the Mecha and Fogera districts.

- Provide funding for both the private and public sector applicants provided that their applications are in coherence with the Woreda level action plans and the identified constraints and opportunities in the selected value chains
- Onions and potatoes have been selected for initial intensive value chain support by the AgroBIG programme. The IDRF will provide funding for value chain solutions primarily in the selected commodities. Additional commodities may be included later in the programme.
- Develop initiatives on pilot basis for high value horticultural products with promising potential (for example for developing outgrower systems for horticulture export markets).
- Ensure that support by the IDRF is gender and equity sensitive so that women and deprived groups will benefit from the financed action programmes in innovation, demonstration and research.

2.2 Summary of the IDRF methodology

The table below describes the main features of the Innovation, Demonstration and Research Fund.

	Innovation, Demonstration and Research Fund (IDRF)
Purpose	Assist farmer groups, processors, traders and service providers to identify, design and formulate action plans for innovation, on-farm demonstration and/or research activities that will benefit the development of the value chain. This can also cover feasibility studies, partner identification, new technology identification, training and capacity building.
Type	Grant with own contribution
Grant limits	Minimum grant is Euro 2,000 (approx. ETB 52,000) and maximum Euro 50,000 (approx. ETB 1.3 million)
Disbursement	Up-front, in installments or after completion
Term	Case-by-case appraisal, one year duration preferred initially.
Interest	No
Collateral	No
Financing institute	Programme Support Unit/BoFED
Equity	Own contribution, minimum 15% is required
Beneficiary requirements	1. Eligible beneficiaries are located within 100 km from the programme districts and/or have clear linkage to VC production in the districts
Basic investment requirements	1. A business idea/capacity development idea or plan 2. A technology innovation and/or on-farm demonstration plan 3. A research programme or study that will enhance value chain development 4. Aiming at developing the group's/SME's possibilities to contribute to, and benefit from a selected value chain; 5. Identify, test or introduce a new technology or a good practice.
Specific requirements	Open to all applicants including registered farmer groups, cooperatives, companies, research institutions and others, but not individuals.

2.3 Governance and management

The overall competent authorities of the AgroBIG programme at the national level are the Ministry of Finance and Economic Development (MoFED) of Ethiopia and the Ministry for Foreign Affairs (MFA) of Finland, who signed the Inter-Governmental Agreement on the AgroBIG programme.

2.3.1 Regional level

The AgroBIG Financing Agreement has been signed by the Bureau of Finance and Economic Development (BoFED), which is the competent authority for the AgroBIG programme at the regional level.

AgroBIG Supervisory Board (SVB)

The overall AgroBIG Programme oversight and strategic decision making powers are entrusted to the Supervisory Board (SVB), which is the highest decision making body of the AgroBIG programme. The SVB meets 1-2 times per year. It includes high level representation of the MoFED, BoFED, BoA, BoTT, BoIUD, ACSI, the private sector and the Government of Finland. The Finnish Government is represented in the Supervisory Board by a representative of the Ministry for Foreign Affairs of Finland and/or a representative of the Embassy of Finland.

AgroBIG Regional Technical Committee (RTC)

The AgroBIG Regional Technical committee will meet monthly. It ensures that the Programme is implemented, results achieved and funds managed efficiently and effectively. It also provides technical support to the Programme.

Fund Secretariat

The Bureau of Finance and Economic Development (BoFED) is responsible for administering the IDRF at regional level. BoFED has delegated the day-to-day management of the IDRF to the AgroBIG Programme Support Unit (PSU), which works as the Fund Secretariat. The PSU is headed by the Programme Director representing BoFED and staffed by contracted technical assistance team of advisers headed by an international Team Leader.

Appeals regarding the IDRF processes and decision making can be addressed to the Fund Secretariat, which will direct such appeals to the appropriate oversight committee either at the regional or the Woreda level.

2.3.2 Woreda level

The AgroBIG Woreda level committees are established in each of the Programme supported districts.

Woreda Steering Committee (WSC) - approval committee

The WSC meets quarterly under the chairmanship of the Woreda Administrator, who may also call extraordinary meetings, if there are urgent applications. The members include the heads of WoFED, WoA and WoTT; members from leaders of the local farmers' cooperative union; representatives of local NGOs and a minimum of two representatives of the private sector as voting members.

The WSC approves the annual woreda level programme work plans and budgets, implementation reports and ensures multi-sector coordination. The WSC approves the IDRF grant applications based on the recommendation of the Woreda Technical Committee. The WSC also decides on how grant

applications for the IDRF funding are called. Activities that involve the Regional level will be referred there by the Woreda Steering Committee.

Woreda Technical Committee (WTC) – technical review panel

Woreda Technical Committee is the expert advisory arm of the Woreda Steering Committee. It meets monthly to review the IDRF applications from the woreda level and to make recommendations for approval by the WSC. WTC is chaired by the Head of WoFED. Members include representatives from WoFED, WoA and WoTT; members from the local farmers' Cooperative Union; and representatives of local NGOs and the private sector. Moreover, AgroBIG Woreda Coordinator and Financial officer of WoFED will participate in the Committee. The Zonal Finance Head may also join the WTC as necessary.

Woreda Value Chain Stakeholder Platforms – for collaborative value chain development

The Value Chain Platforms (for each commodity) meet quarterly in each district. The Woreda Office of Agriculture (WoA) will facilitate the meetings with the assistance of the Technical Advisors. A Platform meeting will include a discussion on problems and possibilities for the value chain development. The Platform identifies the problem areas and decides on the way forward. The Platform prepares the action plans to be carried out.

During Programme implementation, the AgroBIG Value Chain Development Component will focus on forming (or activating existing) groups, cooperatives and networks along the value chain. It will encourage development of business plans and action plans and it will facilitate access to technical services as well as to business management advice. Value Chain Platforms for the respective commodities at Woreda level will lead the process. The groups, cooperatives, associations or networks will identify common actions that will increase their productivity and innovation capacity and also yield access to the AgroBIG Funds.

Woreda level Fund Secretariat - AgroBIG Woreda Coordinator

AgroBIG Woreda Coordinator facilitates the invitations for applications to the IDRF as required by the WSC and gives advice on the preparation of applications (together with other Woreda technical advisers). To coordinate the IDRF processes, the Woreda Coordinator will:

- Engage with the Woreda stakeholders and provide guidance in the IDRF application and approval process;
- Support the Woreda Committees in managing the promotion of the Fund and for example, organize awareness campaign and help in inviting proposals from selected institutions;
- Maintain a database of applicants and proposed projects;
- Present concept notes for eligibility and organize field appraisals;
- Inform applicants of the Committee decisions, and arrange training on the IDRF requirements and the preparation of full proposal;
- Arrange for comprehensive review of the full proposals by the technical reviewers;
- Coordinate the awarding of grants and appeals;
- Arrange for agreements to be signed, disburse grants, and manage the fund;
- Arrange for monitoring and evaluation of the grant projects.

2.4 Implementation strategy

The Woreda Value Chain Stakeholder Platforms for each selected commodity will lead the process of identifying the value chain related constraints and designing action plans to solve the constraints.

The IDRF is value chain specific and will only respond to private and public initiatives concerning the needs identified in the value chain development strategy of the chosen value chains.

2.4.1 Access to the IDRF through the Woreda level

The Platform meetings will be (at the start) facilitated by the AgroBIG PSU from the regional level. The meetings will start by analyzing the problems of the Value Chain and identify the gaps in knowledge, etc. Farmer groups, cooperatives, associations and networks will identify common actions that will increase their productivity and innovation capacity through their access to AgroBIG funds. These findings, together with further studies, will be combined in the Value Chain market and baseline study. The findings will be fed back to the Stakeholder Platforms that will then develop a Woreda Value Chain Action Plan for each commodity. The process will form the basis for identifying areas for innovation, demonstration and research:

- Support development and implementation of research activities pertinent to each stages of the value chain, develop awareness campaign and training materials as appropriate;
- Identify gaps in technology or techniques that could be supported with innovative new products, equipment or techniques;
- Support actors in the value chain to develop action plans and applications to be funded through the IDRF. These should include the whole chain covering improved inputs, certified seed varieties, production and post-harvest technologies, processing technologies etc.;
- Identify necessary studies together with stakeholders within the value chain;
- Upgrading the capacity of agro-processors and smallholders, and promoting partnerships that reduce the risk of adopting new technologies, selling of new markets and trusting other value chain actors. Using demonstration and innovation funds to buy-down the risks of upgrading without distorting support service markets;
- Link value chain actors to quality service provision as well as finance and financial services.

Private and public sector actors can apply for funding from the IDRF for activity plans that are in coherence with the Woreda Value Chain Action Plans. The value chain component of AgroBIG will, through the Woreda Stakeholder Platform, identify and activate private sector actors and/or government actors (i.e. BoA, ARARI, University etc.) that will be able to address value chain constraints. Also the actors (farming groups, cooperatives, firms, research institutions) will be identified, contacted (by Woreda service providers) and be assisted (trained) to apply for funds from the IDRF.

2.4.2 Examples of potential projects and utilization of grants

The IDRF projects may implement for example the following types of activities:

- Training, capacity building, marketing studies, business plans and advocacy;
- Product adaptation, adaptive research, product promotion, long term capacity building by provision of local expert personnel, productivity improvement, export development, and acquisition of technical and market information;
- Facilitation and maintenance of linkages between major private and public actors;
- Matchmaking by connecting farmers and their organizations with other key chain actors (for example in supporting outgrower system development);
- Knowledge services, demand driven research and training, for example targeted extension services;
- Market and export development including: marketing research and plans, quality testing and certification, trade/export fairs and marketing tours and campaigns;

- Business development and support such as business strategy and planning, market information systems, production management, product design, quality standards and control, productivity studies.

3. IDRf GRANT PROJECTS

3.1 Eligible applicants

IDRF can provide funding to any category of applicants:

- a) Value chain actors (farmers, farmer groups, consumers' associations, agro-dealers, traders, processors and exporters);
- b) Providers of financial and business development services;
- c) Providers of other capacity building services and research organizations etc.;

The funding will to identify, design and formulate action plans for innovation, demonstration and/or research activities that will benefit the development of the value chain. Eligible applicants must be registered legal entities: private (groups, associations, cooperatives, companies, consortia, chambers of commerce, NGOs) or public entities (universities, research stations and government institutes), etc.

The IDRf will invite applications particularly from the private sector and a minimum of 50% of the IDRf grant funds are expected to be awarded to private sector actors. Access will, however, be based upon sound applications.

Persons, who are employed in the AgroBIG support programme, are not eligible for grant support from the IDRf. Representatives of organizations, who are involved in the IDRf committees and apply for IDRf funding at the same time, shall not participate in any approval procedures of the grant.

3.2 Grant funding limits and own contribution by applicant

The maximum grant for a single project is Euro 50,000 (which is about Birr 1,300,000 at 1 euro = 26 birr). The minimum grant funding is Euro 2,000 (which is about Birr 52,000 at 1 euro = 26 birr).

Proposals are expected from many different types of applicants covering a broad scope of interventions. Farmer groups may present proposals for local innovations with modest expenditure requirements. Research institutions or private sector enterprises may present interventions with wide scopes of activities and more demanding funding proposals. All types of innovative interventions can be proposed for the Woreda Steering Committee to make award decisions based on the approval criteria and value for money.

Own equity contribution of 15% is required to be made by an applicant for the project implementation. This reduced own contribution requirement will allow all potential groups and categories of applicants to present innovative proposals without restricting access based on the financial status of the applicant. Private sector companies including cooperatives are required to provide their own contribution in cash to confirm their commitment to the project implementation. Government entities can provide their own contribution in-kind.

3.3 Grant disbursement

The grant will be disbursed by the Fund Secretariat a) in advance by tranches or b) reimbursed on completion of a phase or the entire project and based on verified progress. A disbursement schedule will be included in the Full Project Proposal, which is based on the expected progress of the project.

3.4 Duration of grant projects

The approved duration of a grant project depends on the type of intervention and will be judged on case by case basis. During the initial pilot period, practical interventions that can complete their targets within one year will be preferred.

3.5 Eligible and ineligible expenditures

Only **eligible expenditures** can be reimbursed. Examples of such expenditures are in the following categories:

- **Staff and technical assistance costs** such as payment of salaries, wages, fees and overheads directly related to knowledge based services such as training, business services and plans, material preparation, studies and demonstrations and technology development.
- **Operational costs** for materials and services: for example inputs/planting materials including seeds, fertilizer and pesticides and cost of seasonal workers for demonstration plots. Also eligible are office stationery and supplies, printing of brochures and guidelines; travel costs such as transport, lodging and per diem; communications such as telephone, data processing, internet; utilities such as electricity, water; office cleaning and security charges;
- **Investment costs** for small expenditure (for equipment or minor structures) for demonstration purposes. Limited funds for these items will be allowed if they are directly related to the proposed technical assistance or knowledge generation. The applicant is usually expected to provide a rationale for how these expenditures contribute to the objective.

Ineligible expenditures will not be reimbursed, but will be financed by the applicant. Such costs are for example the following:

- Expenses not directly associated with the approved grant project; activities not identified in the grant agreement or training unrelated to the project;
- Expenditure capital equipment such as large field machinery, construction equipment, vehicles, large-scale processing and handling equipment; civil works such as buildings, bridges and roads; land purchases; legal expenses;
- Retroactive payments for expenditure prior to the grant agreement signature date; paying off existing debt; substituting existing efforts or actions that are already funded;
- Operating expenses of government administration and offices ;
- Financial participation in a firm's equity capital;
- Expenses for business representation or gifts;
- Personal injury compensation or damages arising out of the project, whether determined by arbitration, negotiation or other means;

3.6 Crosscutting issues: gender and environment

Crosscutting issues are special policies, which affect many development efforts and activities. Such policies have normally been agreed in global international conventions to be supported by all countries

in their development projects. These concerns such as gender equality and environment protection need to be mainstreamed in all project planning and implementation.

Gender

An important IDRF objective is to promote equal rights, opportunities and obligations of both men and women. A significant outcome requirement for the IDRF is that women and their groups, as major agricultural producers in Ethiopia, will be able to participate and benefit from the IDRF funding. This means that affirmative action will be taken so that:

- Women are invited by a minimum of 40% quota to participate as decision makers in the IDRF committees;
- Gender perspectives are incorporated (mainstreamed) into the action plans for example regarding workloads, ownership of assets, negotiation power, leadership training, etc.,
- Women's entrepreneurship is strongly promoted by adaptive research; effective facilitation and focused capacity building;
- Women and (other disadvantaged groups) are intensively assisted to develop innovative and new project approaches that will contribute to social and economic sustainability in terms of improved governance, finance, employment creation, market oriented access and profitability of their group activities.

Environment

It is important to ensure that renewable natural resources are managed sustainably and that environment is not degraded by the IDRF interventions. Safeguards to be observed in the screening process of IDRF applications are based on the principle of "do no harm" to people and the environment. This principle promotes proactive avoidance or mitigation of impacts of the proposed intervention that may cause adverse changes to the physical, natural environment and harmful effects on the community and persons involved in the implementation.

A simple **checklist of the main crosscutting issues is given in annex 4**. This checklist is expected to be used by the technical reviewers in the appraisal of the final full project proposals.

4. APPLICATION PROCEDURE

In all cases, the Fund has to be applied for and an application submitted with a comprehensive action plan to be funded. A two stage process is used where the applicant first submits a short concept note and after the project idea has been judged to be promising, the applicant will be invited to develop a full proposal for funding. This is expected to reduce processing time and development costs as well as to improve the quality of the final proposals.

Amharic language

Both the Concept Note and the Full Proposal can be submitted in Amharic or English. The AgroBIG Fund Secretariat will publish all information materials related to the IDRF in Amharic. The full proposals of all applicants will be translated for information purposes into English. The minutes of IDRF committees meetings will be made in Amharic and translated into English for information purposes.

4.1 Awareness creation and calls for concept proposals

All private and public sector actors can apply for funding from the IDRF for activity plans that are in coherence with the Woreda Value Chain Action Plans. The process is initiated by:

- a) Public awareness campaign and open calls for proposals: Awareness will be created that public funding is available to private and public sector applicants for innovation, demonstration and research in value chain development. Detailed plans for publicity and calls for concept proposals are prepared in the Woreda Stakeholder Platforms and the Woreda Technical Committee. The promotion campaigns will be implemented by appropriate Woreda offices and facilitated by the AgroBIG Woreda Coordinators. Promotion campaigns can be launched annually or more frequently as required.
- b) Calls for proposals will be organized by AgroBIG periodically (1-3 times per year) to accept concept level proposals for the VCF. Information material, short instructions for the call for proposals and standard application form for concept proposals (annex 1) will be printed and made available for the campaign activities.
- c) Calls for proposals by invitation: With the assistance of the Woreda level Stakeholder Platform, the AgroBIG PSU (value chain component) will identify and activate private sector and public sector actors who will be able to address the critical value chain constraints. Also relevant farming groups, cooperatives, firms and research institutions will be identified, contacted (by Woreda service providers) and be assisted to apply for funds from the IDRF.

AgroBIG Woreda Coordinator facilitates the invitations for applications to the IDRF, acts as helpdesk for providing information and advice on the preparation of applications (together with other Woreda technical advisers). The Woreda Coordinator will receive the applications and present the proposals for processing at the Woreda Technical Committee.

4.2 Concept note appraisal and approval

The **standard application form for concept proposals (annex 1)** is an expression of interest that requires the applicants to provide basic information for an initial screening.

Applicants are requested to send their Concept Notes for the proposed projects to the AgroBIG Woreda Coordinator, who will register all received proposals and present the Concept Notes to the Woreda Technical Committee. Screening will be carried out by the members of Woreda Technical Committee or reviewers designated by the Committee. **A format for the Concept Note Review is given in annex 2.** The following main criteria will be used:

- Solutions to value chain constraints (Concept note question 7): Proposals should deal with value chain development of the selected commodities. Selected proposals should address the critical constraints identified in the Woreda Value Chain Action Plans for each commodity.
- Innovation (Concept note question 8): All proposals should provide a clear description of what is new and innovative in the concept and how the intervention will improve the existing approaches.
- Potential impact (Concept note question 11): Results should be measurable and indicate how the intervention will develop the value chain of the commodity and who will benefit. Impact should be sustainable and smallholders should benefit.
- Capacity of the applicant (Concept note question 10): Technical, managerial, financial competence and experience of the staff of the organization should be adequate so that the project is well managed and the objectives can be reached in the planned implementation period.

Appraisal ranking by weighted score

Each concept note is individually screened by **two expert reviewers working independently** at the same time by using the initial appraisal criteria. The concept notes are ranked by the reviewers by weighted scores as in the below example.

Criteria	Weight (a)	Reviewer's score (1-10) (b)	Weighted score (c = a * b)
Value chain solution	30%	8	2.4
Innovation	30%	8	2.4
Potential impact	20%	7	1.4
Capacity of applicant	20%	5	1.0
Total	100%		7.2

Before making a recommendation based on a desk appraisal, the Woreda Technical Committee may require a field visit to be made by a reviewer to applicants that are not well known in the Woreda. The purpose of the visit is to confirm the concept note information and to assess the capacity of the applicant.

Approval

An average of the individual reviewers' weighted total scores is calculated for each of the concept notes to arrive at a combined score for ranking. After this, a summary ranking of the concept notes is prepared. Based on this, the Woreda Technical Committee will provide its recommendation for approval to the Woreda Steering Committee.

The Woreda Steering Committee will decide on the approval of the concept notes for further development into full proposals. Normally, the Woreda Steering Committee would be expected to approve applications with a weighted score of 7.0 or more. However, the Woreda Steering Committee may agree with the recommendations of the Technical Committee appointed reviewers or decide otherwise, if necessary.

4.3 Preparation of full IDRF proposals

For the IDRF investments to yield the intended results and value for money, it is critical that the preparation of final funding proposals will be given the best available support to produce good quality proposals.

Training in proposal writing for applicants

After the concept notes have been approved for further development, the AgroBIG Woreda Coordinator will invite applicants for a 1-2 day training seminar on the preparation of full proposals. Training includes information of the basic objectives of the IDRF, approved types of support and ineligible expenditures; guidelines for preparing proposals, including proposal outline; project approval process and grant agreement format; disbursement and procurement, reporting, monitoring and evaluation and audit as well as consequences of inappropriate contract implementation. This training is expected to improve understanding of the purposes of the IDRF, the quality of proposals and subsequent implementation.

Technical assistance for preparation of proposals

In case an applicant is not confident after the training seminar to be able to develop the concept into a full activity proposal, business plan or research initiative independently without technical support, the applicant will make a request for assistance during the training seminar. The Woreda Technical Committee will assess the specific needs for support and identify a relevant subject specialist to assist in the preparation of the complete application.

Preparation of the full IDRF proposals

The applicant is responsible for the preparation and submission of the project proposals. **A standard template for a Full Project Proposal is given in annex 3.** For approval, the proposed project will address the value chain constraints as directly as possible and provide clear information of the innovative aspects of the intervention. The proposed activities should be presented in a clear and logical way to provide concrete steps for producing measurable results. The results should give indications of the potential impact for evaluation. Applicants are also required to answer (yes/no) questions on crosscutting issues of gender and environment. The **Checklist for Crosscutting Issues is given in annex 4.**

Applicants are requested to submit their fully completed project applications to the AgroBIG Woreda Coordinator, who will register all received proposals and present them to the Woreda Technical Committee.

4.4 Appraisal of the final proposal and grant award

On presentation of new applications, the next Woreda Technical Committee (WTC) will arrange for their technical appraisal. The WTC will appoint either some of its members or other Woreda technical advisers to carry out the appraisal. External service providers may also be recruited to support the

identification of best proposals for funding. The source of funds for all IDRF service provision is the allocated operational funding for the activity (excluding core funds) in the AgroBIG programme budget.

Technical appraisal

Each full proposal will be appraised by **three expert reviewers working independently** at the same time by using standard appraisal criteria. The proposals are ranked by the reviewers by weighted scores as is described in the **Full Proposal Review format in annex 5**.

The following main criteria will be used:

- 1) Solutions to value chain constraints (Question 7): Proposals should deal with value chain development of the selected commodities. Successful proposals should address the critical constraints identified in the Woreda Value Chain Action Plans for each commodity. It is important that the solutions are sustainable after the end of the grant funding and that the results can be replicated.
- 2) Innovation (Question 8): The proposal should provide a clear description of what is new and innovative in the concept. The intervention should provide practical and important improvements to the existing approaches.
- 3) Implementation approach and activities (Question 9): The project approach should be rational to efficiently implement the plan at a reasonable cost. The activities of the project should be planned in a realistic way to achieve the intended results within the project period.
- 4) Capacity of the applicant to implement the project (Question 10): Technical, managerial, financial competence and experience of the staff of the organization should be adequate so that the project is well managed and the objectives can be reached in the planned implementation period.
- 5) Expected additional benefits (Question 11): Additional (incremental) benefits of the project should be considered and declared. Reasonable benefits compared to the project costs should be realized from the implementation.
- 6) Target beneficiaries (Question 12): Value chain actors should benefit of the IDRF projects. Women and disadvantaged groups are a priority within the large ultimate beneficiary group of smallholder farmers.
- 7) Estimated budget (Question 13): The proposed budget of the project should be realistic and well documented. The proposed budget lines should be well linked to activities and results.
- 8) Co-funding by applicant (Question 14): Is the applicant able and willing to provide an own contribution (either in kind or in cash) for the project?
- 9) Potential success indicators (Question 15): Results should be given as measurable deliverables and indicate how the intervention will develop the value chain of the commodity and who will benefit. Impact should be sustainable and smallholders should benefit.
- 10) Crosscutting issues – Gender (Checklist questions 1-4): The project should be planned with adequate participation of both women and men. Gender concerns should be well incorporated into the proposal.
- 11) Crosscutting issues – Environment (Checklist questions 5-8): Environmental concerns should be adequately considered in the proposal and if necessary, risk mitigation should be incorporated in the project.

Field appraisal

The reviewers can conduct field appraisals to the proposed project sites, if necessary, to confirm the information given in the proposal, request for further clarifications and possibly interviewing the target group or the applicant for example about the gender aspects of the proposal in more detail.

Review of crosscutting issues

The review will take note of the gender and environmental issues in the proposed project approach and decide if adequate attention has been paid to the crosscutting concerns in the planning phase. Where necessary, the review makes recommendations on additional measures (or revisions) to be included in the proposed project plan before approval.

Conclusion and recommendation

It is important that the projects financed by IDRF grant investments will provide the best possible benefits to a large number of farmers and that the projects are financially viable after the grant is disbursed. The Reviewers evaluate the proposals based on the technical and other selection criteria and suggest changes in approach or budget as appropriate.

After completing a desk and possibly a field appraisal, the Reviewer will prepare the conclusions and recommendations to the Woreda Technical Committee.

- General conclusion: Brief comments on the key issues should be made as a summary by the Reviewer on the overall economic, social and technical aspects proposal.
- Recommendation: The action proposed by the Reviewer can be a) to submit the proposal for approval, b) to ask the applicant to revise the proposal and submit again, or c) to reject the proposal.

Approval and grant award

An average of the individual Reviewers' weighted total scores is calculated for each of the Full Project Proposals to arrive at a Reviewers' combined score. After this, a summary ranking for each of the proposals is prepared. Based on this, the Woreda Technical Committee will provide its recommendation for approval to the Woreda Steering Committee.

The final approval of the IDRF projects is the responsibility of the Woreda Steering Committee. In its decision making, the Committee will take into consideration the strategic priorities, choice of locations, expected benefits of the proposals and available funding for the overall grant programme in the Woreda.

On behalf of the Woreda Steering Committee, the Woreda Coordinator will inform the successful applicants of the grant award. Unsuccessful applicants will also be informed of their results in the approval process.

5. PROJECT IMPLEMENTATION

5.1 Legal Agreement

After the Full Proposal has been approved, implementation can start. A Legal Agreement for the project financing and implementation will be signed between the regional level Fund Secretariat and the applicant/Grantee. The **Legal Agreement template is given in annex 6.**

Depending on the capacity and experience of the Grantee(s), the Fund Secretariat may organize an initial training workshop on the implementation procedures such as disbursements, procurement,

financial management, accounting, reporting, audit, monitoring and evaluation. This training is expected to improve mutual understanding and communication, which will help to make the project implementation effective.

5.2 Project bank account and disbursements

Before the initial advance is disbursed, the Grantee will open a special bank account for the project. All the transactions of the project implementation will be financed through this bank account. Also separate accounting records will be kept for the project expenditure.

Initial advance

The amount of initial advance payment to the project account depends on the immediate expenditures, but should not exceed 20% in normal circumstances.

Indicative disbursement schedule and written request for disbursement

An indicative schedule for disbursements in tranches is given in the project proposal. For subsequent disbursements, the Grantee is asked to submit written requests for each disbursement (including progress report of the implementation and supporting documentation of payments made) to the Fund Secretariat.

Final disbursement

The final disbursement of 5% of the total contract value will be made only after the Completion report has been submitted and the Project File has been closed at the Fund Secretariat, which means that all tasks and obligations related to the grant project have been completed.

5.3 Procurement

The grant implementing organization may carry out the procurements required in the approved project. Government procurement procedures must be followed. The Fund Secretariat will establish procurement guidelines and train the implementing organizations in the correct application of the procedures.

Prior approval by the Fund Secretariat (Woreda Coordinator) is required for procurements by private sector Grantees to ensure full compliance with approved procedures.

5.4 Financial management and accounting records

The Grantee is responsible for the proper and transparent use of the grant funds. In case funds have been misappropriated or ineligible costs have been paid, further disbursements will be discontinued. Any expenditure that is not approved by the Fund Secretariat for reimbursement must be covered by the Grantee's own funds.

Each project is required to maintain appropriate accounting records of the project income and expenditure. The accounting records and reports must be specific to the project and not combined with any other activity of the Grantee.

To substantiate all costs incurred by the Grantee for the project, financial records should include complete records of the grant income and expenditure. These records must be supported by detailed

documentation (such as purchase orders, invoices, receipts, and justifications for selecting a specific supplier).

The project is expected to prepare financial statements as specified in the grant agreement. Financial books, records, financial statements, any supporting documents, and other records related to the project should be retained by the Grantee for at least for three years after the AgroBIG final audit report has been issued.

5.5 Project quarterly progress reports

Grantee will make comprehensive quarterly progress reports throughout the implementation period. **Outline of the Quarterly Progress Report is in Annex 7.**

The reports are submitted to the Woreda Coordinator, who will present a summary progress report of the IDRF projects to the Woreda Technical Committee. The Technical Committee will prepare its own comments on the progress and submit progress reports to the Woreda Steering Committee.

5.6 Financial reports

The Grantee will report on the project income and expenditure promptly after the end of each quarter. Submission of the Financial Report is a condition for additional disbursement by the Fund Secretariat. The financial report is attached to the Quarterly progress report of the project.

Template of the Financial Report is given in Annex 8. In the Financial report, the project budget is inserted by activity component and budget line as in the budget of the approved Full Proposal. In preparing the report, expenses of the previous periods as well as expenses of the current period are inserted in their relevant columns and the total is deducted from the approved budget amounts to arrive at the remaining available budget. The report template is available in Excel and can be easily compiled by using pre-calculated formulas.

5.7 Monitoring and supervision

The Woreda Technical Committee is responsible for the continuous monitoring, supervision and follow-up of ongoing field projects in cooperation with the Woreda Coordinator.

Monitoring of ongoing projects

The Woreda Coordinator will receive quarterly reports routinely from all grant projects under implementation. These will be duly recorded and compared against project plans. Based on a desk assessment of the quarterly reporting of a grant project, the Woreda Coordinator will:

- 1) Confirm that the financial report has been correctly prepared and supported by required documents,
- 2) Prepare a request to the Fund Secretariat for the next scheduled disbursement as given in the received Disbursement request by the Grantee.
- 3) Submit a quarterly report to the Woreda Technical Committee with an overview of the projects highlighting whether the implementation is according to plan or not.

It is important that the Woreda Coordinator responds immediately to urgent implementation constraints and suggests practical solutions to the Woreda Technical Committee for action.

Field supervision

The Woreda Technical Committee will prepare a schedule for field supervision of all projects. Field supervision will be carried out by the members of the Committee (or appointed technical advisers or service providers) and the Woreda Coordinator. The Grant projects should be visited regularly to:

- Confirm that financial management and accounting arrangements are properly organized and that funds utilization is correctly reported;
- Supervise the technical implementation of the project and verify the progress in relation to established milestones and endorse the release of the subsequent disbursement tranche.

Field supervision is important especially in the beginning of the implementation to ensure that the grant funds are utilized for the agreed purposes and proper procurement procedures are followed.

Consequences of failure to follow Fund guidelines

Failure by the Grantee to adhere to the Fund guidelines will result firstly in the cancellation of disbursements, and if sufficient clarifications cannot be obtained, a special audit must be conducted. If continued uncooperative behavior by the Grantee is observed, the project will be discontinued without delay to avoid further damage. If criminal or fraudulent acts have been observed that have resulted in the loss of project funds, the Fund Secretariat will in all such cases initiate legal processes to recover the lost funds and to prosecute the persons involved.

5.8 Completion report and closing the project file

It is important to complete and close the project in an orderly way. All issues related to both the recording and appraisal of the implementation achievements as well as financial and administrative matters should be finalized before the grant can be closed.

To ensure good cooperation by the Grantee, a final disbursement of 5% of the Grant is made only after all procedures and reporting have been completed by the Grantee.

Completion report

The Grantee prepares the project Completion report using the **Outline of the Completion report as given in Annex 10**. The project completion report provides an overall summary of the information given in Quarterly progress reports and in addition presents the results for the agreed performance indicators.

Closing the project file

The Woreda Coordinator and the Woreda Technical Committee are responsible for organizing the closing of the project file. In doing so, the following administrative procedures will be finalized:

- 1) Conducting one or several stakeholder focus group meetings (**Guidelines for Focus group meetings are in Annex 11**);
- 2) Receiving results of story harvesting made with beneficiaries of the project (**Guidelines for Story harvesting are given in Annex 12**);
- 3) Closing the financial accounts of the project and ensuring that all refunds have been received and all outstanding payments have been made;
- 4) Approving the project **Completion Report** received from the Grantee;
- 5) Organizing the final audit of the project and receiving an **unqualified Audit Report** after any audit queries have been cleared.

- 6) Preparing a **Grant Closing Letter** by the Fund Secretariat to the Grantee confirming that all obligations have been satisfied. After this, all project documentation and financial records must be archived for three years for a possible Government audit.
- 7) Endorsing that the **disbursement of the IDRF project Completion Grant of 5%** can be made by the Fund Secretariat to the Grantee.

6. FINAL AUDIT

Because public funds have been provided to the Grantee for the implementation of the agreed activities, it is necessary to confirm that the utilization of grant funds and accounting for the expenditure have been prudent following all instructions by the Fund Secretariat.

Final audit of all IDRF grant projects to be carried out immediately after project completion

The Fund Secretariat together with the Woreda Steering Committee will make arrangements to audit the financial records and expenditure of each of the IDRF grant projects by responsible Government authorities or if necessary, by outsourced private auditors.

The final audit is a standard activity cost of an IDRF project. The source of funds for all IDRF service provision is the allocated operational funding for the activity (excluding core funds) in the AgroBIG programme budget. The audit will provide useful verification of not only the financial statements, but some of the operational performance indicators. For this purpose, a generic Terms of Reference (including performance indicators as in chapter 7) will be prepared and pool of service providers will be organized to mobilization through a framework procurement process.

Safekeeping of project documentation

All financial and procurement documents of the project must be archived for three years after the completion date of the project and made available to authorized Government personnel for inspection and audit on demand.

7. EVALUATING OUTCOMES AND ASSESSING IMPACTS

Outcomes (significant changes for the VC partners), are expected to be practical solutions to production constraints, new demonstrated extension methods, tested postharvest technologies to preserve and reduce wastage of products and improved processing techniques and packaging and branding ideas that will promote marketing.

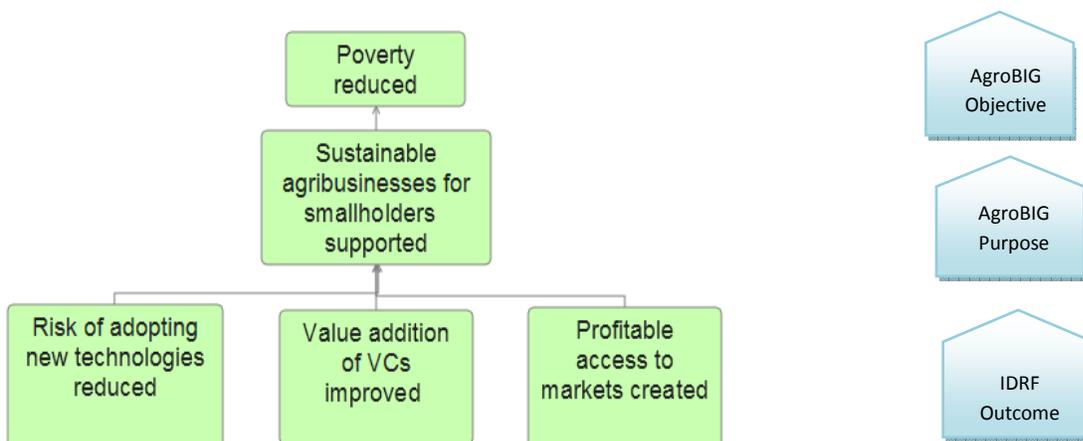
The outcomes will tie in with the other components and interventions of AgroBIG to contribute to the AgroBIG purpose of developing commercial smallholder agriculture and increased investment in sustainable agribusiness. This will contribute to reduce poverty among smallholders, which is the ultimate long term impact of the AgroBIG programme.

Impact of the IDRF is expected to be witnessed in poverty reduction through commercialization of smallholder agriculture by value chain development. The long term impact of various interventions will be confirmed by higher incomes through production and yield improvement by farmers, better market

prices through improved access to markets and increased turnover/surplus of the participating value chain organizations, etc. The participation of women is expected to be significantly improved. The long term developments can usually only be measured after the intervention has been completed.

Proxy indicators for assessing the impacts of IDRF will be identified and estimated through immediate outputs and outcomes of the individual grant projects that have been financed by the IDRF. Significant changes in the proxy indicators of capacity building will provide strong signals of the IDRF outcomes and ultimate results.

M&E diagram linked to IDRF results chain:



Measuring **IDRF results** will involve:

1. **Quantitative measures of the IDRF process** will be collected by the Woreda Technical Committee assisted by the Woreda Coordinator. The information will be reported quarterly:

1. Number of Concept Note and Full Proposal grant applications received
2. Average weighted scoring of Concept notes (with number of reviewed proposals)
3. Average weighted scoring of Full Project proposals (with number of reviewed proposals)
4. Percentage of IDRF grant applications providing acceptable measurable indicators of successful project implementation (Full proposal - question 15)
5. Percentage of approved grant funds disbursed by quarter and cumulatively
6. Number and percentage of IDRF grants awarded to private sector Value Chain actors
7. Number and percentage of grants approved and rated as highly innovative (Full proposal review score for criteria b - over 7)
8. Percentage of female participation in the awarded IDRF grants
9. Number of unique solutions identified for approved grants (Full proposal - question 7)

2. **Qualitative assessment of IDRF results** will be obtained at the end of each individual grant project through:

- a) Focus group inquiries (Annex 11) will provide the IDRF recipients an opportunity to discuss and jointly assess whether they were able to achieve the goals put forward in the project proposal. If there were variations from expected, participants will be encouraged to explore the reasons why. They will be guided to work through the lessons that have been learned from the experience and to suggest what might have been done differently with the benefit of hindsight. The groups will assess the benefits that have accrued to participants, focusing on different

elements such as improved yields, prices received, losses reduced or other tangible benefits. The groups will be guided to explore the most significant changes that have taken place as a result of use of the IDRF grant. These will be catalogued and grouped for annual reporting by the Fund Secretariat M&E team as appropriate to enable a contextual analysis of changes that have occurred.

- b) Story harvesting (Annex 12) is conducted by selecting some of the focus group participants to provide more in-depth accounts of their experiences. These individuals will be typical members of the group in order to provide a fair representation of all participants. Their stories will represent a face to face testimony of the real life situation of the farmer. The focus of each story will be on his or her reflections of the activities undertaken and the real results achieved at a personal level. Participants in this exercise will be encouraged to provide truthful opinions rather than merely positive accounts to please. The compilation of these 'stories of change' will form a valuable input to lessons learned from the IDRF grant experience. The stories will be utilized by the Fund Secretariat M&E team for analysis and annual reporting.

The narrative and quantitative information provided by the Woreda Technical Committee from the Focus group inquiries and story harvesting is a starting point of the outcome analysis. This information is reported as part of the grant project Completion reports.

3. Quantitative Information of the development of **VC business performance** of the grantees will be made available from the statistical part of the final audit reports such as:
10. Sales turnover of the organization
 11. Sales turnover of various VC crops
 12. Payment to members for VC crops (in cooperative business)
 13. Sales of inputs
 14. Number of members (male/female/total) – in cooperatives
 15. Number of staff (male/female/total) – in cooperatives
4. The M&E team of AgroBIG will initiate **annual satisfaction surveys** for collecting further information of the IDRF results as necessary. Satisfaction, confidence and ease of access to services will indicate the IDRF outcomes.
16. Satisfaction and confidence of value chain partners regarding ease of access to inputs, extension, trade and investment finance, processing opportunities/facilities;
 17. Satisfaction of the value chain partners regarding profitability, market demand and market sustainability.

The AgroBIG M&E team will analyze the results of all the components of the AgroBIG programme annually. As part of this analysis, linkages between IDRF outcomes and their contribution to AgroBIG purpose and impact will be carefully studied. The M&E team will report on their findings in special M&E reports and the AgroBIG annual reports. A main indicator linking to the Results monitoring and reporting at the programme level measures the contribution of the IDRF intervention to the overall AgroBIG purpose and outcome. This will be assessed and reported by the M&E team annually:

Programme outcome indicator:

18. Number and percentage of IDRF grants awarded that result in development of sustainable innovations and investments in agribusiness.

ANNEX 1: Concept Note (template)



Innovation, Demonstration and Research Fund (IDRF)

CONCEPT NOTE PROPOSAL

(Please answer all questions in this word file)

-
1. **Name and address of applicant/organization:**

 2. **Description of the applicant:** a) legal status, b) main business activity, c) annual turnover for the 3 previous years, d) number of staff

 3. **Contact person and address:** a) Name, b) title in the organization, c) address, d) phone number, e) email

 4. **Project title:**

 5. **Location of project:** a) woreda, b) kebele

 6. **Implementation period of the project: (months)**

 7. **What specific constraint is the project trying to solve?** a) How is the constraint linked to the value chain of the selected commodity?

 8. **Project innovation:** What is innovative in the project?

 9. **Project activities:** Describe briefly what will be done to implement the project.

 10. **Capacity of the organization to implement the project:** a) experience of similar implementation, b) staff qualifications for activity implementation, c) management of project finances and reporting.

 11. **Additional benefits, beneficiaries and expected outcomes of the project:** Describe the additional benefits (compared to the current situation) that can be achieved from the project and who will benefit?

 12. **Estimated budget:** Total estimated costs in Birr including own contribution.

Note: This Concept Note should not exceed 3 pages. Please submit to the AgroBIG Woreda Coordinator for processing.



Innovation, Demonstration and Research Fund (IDRF)

CONCEPT NOTE REVIEW FORMAT

1. **Project application number:**

2. **Name of applicant:**

3. **Project Title:**

4. **Contact person:**

5. **Criteria**

- a) Solutions to value chain constraints (Concept note question 7): Proposals should deal with value chain development of the selected commodities. Selected proposals should address the critical constraints identified in the Woreda Value Chain Action Plans for each commodity.
- b) Innovation (Concept note question 8): All proposals should provide a clear description of what is new and innovative in the concept and how the intervention will improve the existing approaches.
- c) Potential impact (Concept note question 11): Results should be measurable and indicate how the intervention will develop the value chain of the commodity and who will benefit. Impact should be sustainable and smallholders should benefit.
- d) Capacity of the applicant (Concept note question 10): Technical, managerial, financial competence and experience of the staff of the organization should be good so that the project objectives can be achieved in the planned implementation period.

Criteria	Weight (a)	Reviewer's score (1-10) (b)	Weighted score (c = a * b)
a) Value chain solution	30%		
b) Innovation	30%		
c) Potential impact	20%		
d) Capacity of applicant	20%		
Total	100%		

Date:

Reviewer:

Signature:



FULL PROJECT PROPOSAL (OUTLINE)

1. **Name and address of applicant/organization:**

2. **Description of the applicant:** a) legal status, b) main business activity, c) annual turnover for the 3 previous years, d) number of staff

3. **Contact person and address:** a) Name, b) title in the organization, c) address, d) phone number, e) email

4. **Project title:**

5. **Location of project:** a) woreda, b) kebele

6. **Implementation period of the project: (months)**

7. **What specific constraint is the project trying to solve?** a) How is the constraint linked to the value chain of the selected commodity?

8. **Project innovation:** What is innovative in the project?

9. **Project activity plan/business plan/research plan:** Describe what will be done to implement the project. Give a detailed description of activities (step by step), their timing and the responsibility for implementation.

10. **Capacity of the organization to implement the project:** a) experience of similar implementation, b) staff qualifications for activity implementation, c) management of project finances and reporting.

11. **Expected additional benefits and outcomes of the project:** Describe the results of the activities and the additional benefits (compared to the current situation) that can be achieved from the project.

12. **Target beneficiaries:** a) Who will benefit of the project? b) How many will benefit (male/female)? c) What additional benefits are expected by the smallholders (male/female)?

13. Estimated budget: Provide information the complete budget requirements by using the following cost categories: a) Staff salaries, b) Other operational costs, c) Investment cost, d) Total costs. Include indicative disbursement schedule.

14. Co-funding by applicant: Is the applicant willing to provide co-funding (in cash or in kind) and how much? Please note that co-funding is not compulsory.

15. Measurable indicators of successful project implementation: List all the measurable implementation targets. Explain how and when they can be measured.

Note: *There is no page limit for this Full Project Proposal. However, it is preferable that the proposal is concise and more information if required is given in the annexes.*

The Full Project Proposal should be submitted to the AgroBIG Woreda Coordinator for processing.

ANNEX 4: Crosscutting issues - checklist



Innovation, Demonstration and Research Fund (IDRF)

CROSSCUTTING ISSUES - CHECKLIST

This checklist is completed by the applicant and attached to the full project proposal.

	Gender concerns	Yes	No
1	Have both women and men participated in the project formulation processes and in the decision making on the project resource utilization?		
2	Do the expected benefits reflect the needs, priorities and constraints of both men and women?		
3	Have measures been included to address women's constraints (e.g. increased time requirements, childcare responsibilities and restrictions on mobility)?		
4	Have the costs to women and men (time, labour, mobility, etc.) and benefits of the proposed value chain activities been estimated?		
	Environment safeguards		
5	Have the expected environmental changes as a result of the project been considered and assessed?		
6	Do the project activities cause discharge of effluents, chemicals, noise, smoke, smell or other harmful effects on environment or health risks to those working in the project activities?		
7	Are any of the environmental/health risks and impacts significant and/or irreversible?		
8	Can the adverse effects of the project be mitigated or avoided by other alternatives or remedial measures?		

ANNEX 5: Full Project Proposal review format



Innovation, Demonstration and Research Fund (IDRF)

FULL PROJECT PROPOSAL REVIEW FORMAT

6. Project application number:

7. Name of applicant:

8. Project Title:

9. Contact person:

10. Criteria (for details, see Guidelines section 4.5)

Criteria	Weight (a)	Reviewer's score (1-10) (b)	Weighted score (c = a * b)
a) Value chain solution	15%		
b) Innovation	15%		
c) Potential impact	10%		
d) Implementation	10%		
e) Capacity of applicant	10%		
f) Additional benefits	10%		
g) Target beneficiaries	10%		
h) Co-funding	3%		
i) Success indicators	7%		
j) Gender	5%		
k) Environment	5%		
Total	100%		

General observations:

Give a brief comment on the overall economic, social and technical aspects proposal.

Recommendation by the Reviewer:

Conclusion:

- a) Submit for approval
- b) Revise proposal and submit again
- c) Reject

Date:

Reviewer:

Signature:



LEGAL AGREEMENT

Between the AgroBIG programme

And (Grantee name)

For Grant Award from the Innovation, Demonstration and Research Fund

The Innovation, Demonstration and Research Fund (IDRF) is an activity of the AgroBIG Programme for Agribusiness Induced growth in the Amhara Region, which is financed by the Governments of Ethiopia and Finland. The Bureau of Finance and Economic Development (BoFED) of the Amhara National Regional State is the competent authority of AgroBIG Programme. BoFED has delegated the administration of the IDRF to the AgroBIG Programme Support Unit as the Grant Fund Secretariat.

This Legal Agreement describes the obligations of AgroBIG, as the Grant Fund Secretariat and the Grant Recipient (name) hereinafter referred to as the Grantee, for the implementation of the below mentioned grant project.

1. Name of project: Following an application for financial support from the IDRF for **project (title)** by (grantee), this legal agreement covers the approved grant support by AgroBIG for activities and eligible costs, which are described in the project document of the above mentioned project, as given in annex 1 of this Agreement.
2. Responsible project focal person: The Grantee assigns a specific focal person for project management and communications. The focal person is also responsible for the submission of quarterly progress reports to AgroBIG.
3. Total amount of approved grant: The approved maximum grant for the project is a total of Ethiopian Birr in figures _____ (in words _____).
4. Own contribution of the applicant: Before any part of the approved grant is disbursed, the private sector applicant will deposit an agreed own contribution of Ethiopian Birr _____ (in words _____) into a bank account designated for the grant project as

instructed by AgroBIG Fund Secretariat. In case of in-kind own contribution of government institutions, an approved contribution schedule is attached to this agreement.

5. Commencement of this Agreement: Implementation of the project can start and expenditures are eligible from the date of signature by both parties. No retroactive claims can be made for reimbursement of expenses incurred before the commencement date.
6. Duration of the project: The project shall be completed as given in the project document in a period of (months) from the date of signing this Agreement. The closing date is (date). No project expenditure is allowed after the expiry of the approved implementation period. An extension of the project duration can only be made by a written advance approval of AgroBIG. If an extension of the implementation period is necessary, the Grantee shall apply for this at least two months in advance.
7. Dedicated bank account: The Grantee will establish a new separate bank account dedicated exclusively for all the financial transactions of the project. AgroBIG will deposit to the grant disbursements only to this project bank account. A minimum of two signatories of the Grantee will be able jointly to withdraw funds from the project account. The Grantee will provide copies of identification cards of the signatories to AgroBIG. The Grantee agrees to use only this bank account for the financial transactions of the project.
8. Request by Grantee for disbursements: A disbursement schedule is included in the project document. Following the indicated timing, the Grantee will make a request (including all necessary documentation) for additional disbursement two weeks in advance of the expected disbursement date to the Fund Secretariat.
9. Processing of disbursements: Disbursements will be made after verification of progress of the project. Claims for disbursement will be processed as quickly as the claims are satisfactorily documented in accordance with the terms of this Agreement. Any query regarding disbursements should be addressed to the AgroBIG Woreda Coordinator.
10. Conditions for disbursement of grant payments: Disbursements will be conditional to the Grantee providing acceptable reports on activities and deliverables as specified in the grant project proposal and presented acceptable accounts of the project payments and bank statements as requested by the Fund Secretariat.
11. Progress reporting, monitoring and dissemination of results: The Grantee agrees to submit quarterly progress reports throughout the duration of the project to the Fund Secretariat. The IDRF process includes various types of surveys and reviews of the project for monitoring purposes. Grantee will cooperate in any progress review or survey of the project and in visit arrangements of

government and donor representatives to the project as well as in the production of promotional material and dissemination of the results of the grant project.

12. Closing of the project

At the end of the project, the Grantee prepares the project Completion Report according to the instructions of the Fund Secretariat. All grant requirements remain valid until the Grantee receives a Grant Closing Letter from the Fund Secretariat confirming that all obligations have been satisfied. After this, a final disbursement of 5% of the Grant value is released by the Fund Secretariat to the Grantee.

13. Agreed purposes of the grant and freedom from confiscation and seizure: The Grantee ensures that the disbursed grant will be used only for the agreed purposes of the grant project and following the budget line allocations as agreed in the Final approved Project plan. Any reallocation of proposed funding between budget lines or overspending of budget line allocations must be approved by the Fund Secretariat in writing in advance. The Grantee will not allow the grant funds to be subject to confiscation, compensation or seizure by any third party.

14. Fraudulent acts: In the event that the Grantee commits fraudulent acts related to this Agreement or fails to fulfill requirements as above, the Grantee agrees that details of such acts, including the names of individuals, may be published in public media, without any liability on the part of AgroBIG. If criminal or fraudulent acts have resulted in the loss of project funds, the Fund Secretariat will in all cases initiate legal processes to recover the lost funds and to prosecute the persons involved.

15. Inspection of project accounts and documents: AgroBIG may authorize an inspection of the outputs and accounting documents of the project at any time. The Grantee will always provide unhindered access to all reports, documents and records related to this Agreement.

16. Audit or inspection of the grant project: Public funds are provided to the Grantee for the implementation of the agreed activities. It is expected that the proper utilization of the funds will be audited in detail by responsible Government authorities or appointed auditors. All financial and procurement documents of the project implementation need to be archived for three years after the completion date of the project and made available to Government authorized personnel for inspection and audit on demand.

17. Loss and damage: The Grantee declares to undertake the agreed project on its own behalf and to have exclusive rights for its execution. The Grantee is responsible to take all the usual insurances against liability and other risks such as loss of life and damage to property. AgroBIG shall not be held liable and the Grantee will hold AgroBIG and its staff harmless against any claim for loss or damage arising from the implementation of the project agreement.

18. Dispute resolution: In cases of dispute regarding this agreement, the Grantee and AgroBIG agree to work towards a mutually acceptable compromise agreements. Failing an agreement, the dispute will be submitted to BoFED for Government arbitration process.

Signed in Bahir Dar on this date (date)

For AgroBIG

For (Grantee)

Name

Name

Title

Title

Signature

Signature

Three witnesses to sign for the authenticity of the above signatures

First Witness

Name and signature

Second Witness

Name and signature

Third Witness

Name and signature

Annex 1 Approved IDRF Full project proposal

Annex 2 Schedule of in-kind contribution (when grantee is a government institution)



QUARTERLY PROGRESS REPORT

Reporting period:

Project number and title:

Grantee/implementing organization:

Contact person:

Report outline

1. Overall analysis of the value chain environment for the selected commodity

- What are the main changes in the commodity value chain during the reporting period (for example stakeholders, production markets, prices, processing activities etc.)?

2. Project progress

- Inputs: Resources utilized
- Activities: Number of participants (men/women)
- Activities: Completed as planned
- Activities: Not finalized as planned
- Outputs: Results achieved as planned and not achieved

3. Results assessment

- What is the main goal of the project implementation for the period?
- Was the goal achieved or not? What is the main reason for success or failure?
- Is the implementation on track as planned and if not, what corrective measures should be taken?
- What is the main expected achievement in the next period?

Annex 1: Financial report

ANNEX 8: Financial report (template)



Innovation, Demonstration and Research Fund (IDRF)

FINANCIAL REPORT (TEMPLATE)

Reporting period:

Project number and title:

Grantee/implementing organization/Contact person:

Project budget by component and budget line	Budget by budget line	Expenses during previous reporting periods	Actual expenses during this reporting period	Remaining available balance
1. (Name of budget component)				
1.1 (Name of budget line)				
1.2 (Name of budget line)				
Sub-total component 1				
2. (Name of budget component)				
2.1 (Name of budget line)				
2.2 (Name of budget line)				
2.3 (Name of budget line)				
Sub-total component 2				
3. (Name of budget component)				
3.1 (Name of budget line)				
3.2 (Name of budget line)				
3.3 (Name of budget line)				
3.4 (Name of budget line)				
3.5 (Name of budget line)				
Sub-total component 3				
Grand total				

This table is available in excel format from the Fund Secretariat.

ANNEX 9: Disbursement request (template)



Innovation, Demonstration and Research Fund (IDRF)

DISBURSEMENT REQUEST (TEMPLATE)

Date:

Reporting period:

Project number and title:

Grantee/implementing organization/Contact person:

Total budget for project activities	Birr	
Transferred already by AgroBIG (a)	Less	
Remaining balance of the budget	=	

Total funds transferred by AgroBIG (a)	Birr	
Total expenses accounted for to AgroBIG	Less	
Balance held by Grantee (b)	=	

Estimated expenses for the next period	Birr	
Balance held by Grantee (b)	Less	
Requested amount to be transferred	=	

Checklist	Yes	No
Financial report for the previous quarterly period is attached		
Bank statement for date ending previous quarterly period is attached		
Cash balance certificate for date ending previous quarterly period is attached		
Bank balance + cash balance agree with Balance held by Grantee (b)		
Quarterly progress report of the project is attached		
Clear expenditure estimate for the next period is attached		
Above Disbursement request has been checked and additions are correct		

Signed

Name of the official Representative of the Grantee



COMPLETION REPORT (OUTLINE)

Project implementation period:

Project number and title:

Grantee/implementing organization:

Contact person:

Report outline

1. Overall analysis of the value chain environment for the selected commodity

- What are the main changes in the commodity value chain during the project period (for example stakeholders, production markets, prices, processing activities etc.)?
- How has the project innovation/solution/demonstration affected the value chain?

2. Project progress

- Inputs: Resources utilized
- Activities: Number of participants (men/women)
- Activities: Completed as planned. Not finalized as planned.
- Outputs: Results achieved as planned and not achieved

3. Results assessment

- What is the overall innovation, solution, demonstration goal of the project?
- Was the goal achieved or not? What are the main reasons for success or failure?
- Is the innovation used as expected and what benefits have accrued to target group?

4. Sustainability and replicability

- Will the supported activities continue to be implemented after the grant funding is finished. If so, how will the activities be financed?
- Is the project replicable in other locations and what are the main conditions for success?

Annexes:

1. Financial report
2. List of agreed outcome and impact indicators and their measurement results



FOCUS GROUP INQUIRY

At the end of an IDRF project, the Woreda Coordinator will organize a facilitated Focus Group meeting with key stakeholders to discuss and evaluate the project results. This provides an important opportunity to learn the stakeholders' experiences. It is important that the gender composition of the focus group is balanced and that all members will be encouraged to express their opinions.

Focus on three main issues

1. Key performance measures (result assessment)

- What was the overall innovation, solution, demonstration goal of the project? Was the goal achieved or not? What are the main reasons for success or failure?
- What is the innovative feature of the project and is it used as expected? What benefits have accrued to target group (men and women)?
- Has the Focus Group observed income or other livelihood improvement that can be attributed to the project? Has this been achieved through increased yields, better prices or another type of a tangible solution?

2. Significant changes of the project for the target group (outcome/impact)

- During the Focus Group meeting, the AgroBIG facilitator will seek to understand what are the main significant changes experienced by the Focus Group.
- Some of the invited participants will be interviewed (see Annex 12: Story harvesting) before the focus group meeting takes place. During the Focus Group meeting, the AgroBIG facilitator will confirm whether the experiences reported by the interviewed farmers are representative for all the participating farmers participating. For example, have yields improved generally for all farmers or only some of the farmers (for men and or women)?

3. Monitoring of crosscutting issues (gender and environment)

Crosscutting issues are important considerations in every IDRF project irrespective of their particular focus. Monitoring is based on the standard questions as the **Crosscutting Issues - Checklist in Annex 4**. It is important that the Woreda Coordinator as facilitator will report on the Focus Group conclusions. The Checklist will be attached to the Focus Group Report to the Fund Secretariat with explanations of the most important findings.



STORY HARVESTING

A story is a face to face testimony of the real life situation of a farmer, who tells how the project has affected his/her life. Story harvesting helps the farmer to express his or her opinions as clearly as possible. The focus is on his/her reflections regarding the activities carried out and the **real results achieved in the project for him/her**.

This contributes to the project participatory evaluation and learning. It is good to tell truthful opinions of the farmer rather than exaggerating positive results. The story writer should express the farmers' reasons why the project has made a positive, negative or no change at all in his/her life.

Minimum two stories (male and female) for each IDRF project

The Woreda Coordinator is responsible for organizing the writing and submission of least two (one male and one female participant) harvested stories at the end of each of the projects funded by the IDRF.

The basic aims of the story harvesting are to gather information on:

- a) What was the situation before the project (baseline),
- b) What has happened during the project (activities and output),
- c) What were the most significant changes (outcome, immediate impact) that occurred as a result of the project and the contribution of the project has had to these changes

Three step process

- 1) Collecting basic information
- 2) Interview and photograph
- 3) Writing the story

Step 1: Basic information

It is important to try to categorize the farmer as a representative of the target group. Is he/she a lead farmer or a follower, old and wealthy farmers with large landholdings or poor female headed households in a remote location with a small plot etc.?

- 1) Name, age, male/female, family status, number of children
- 2) Representing relatively well-off or poor farmers, farmer leader or follower, etc.,
- 3) Food and cash crop production (which crops and cultivation area)
- 4) Other productive assets (heads of cattle, water pump, etc.)
- 5) How many farmers have participated in the project
- 6) How many farmers (%) have had similar experiences and results from the project

Step 2: Outline of interview questions for basis of story writing

- 7) What did the project try to accomplish?
- 8) How and why did the farmer get involved in the project?
- 9) How was his/her life situation one year before the project started?
- 10) What is different now in the area, services to farmers, crop production and marketing activities and/or farmers' organization?
- 11) What are the most significant changes to him/her that have taken place because of the project?
- 12) Has the farmers' income improved? If so, how has the money been used?
- 13) Ask for permission to take some photographs of the farmer (a clear portrait and if possible some photos with farm activity or with asset)

Step 3: Writing the story

- Create a short interesting title that reflects the main significant message(s) of the story;
- Start with the basic information of the interviewee;
- Follow the suggested outline of the story and complete the basic aims for information collection a) baseline, b) activities and outputs and c) outcome of the project from the farmers' point of view;
- The story can be up to two pages either in Amharic or English. All stories produced in Amharic language will be translated into English by the Fund Secretariat for information dissemination purposes;
- Attach a minimum of two harvested stories (photos) to the project completion report and send by email to the Fund Secretariat.